

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2014-346-WS

IN RE:)	DIUC MOTION FOR
)	DISPOSITION OF PROCEEDINGS
Application of Daufuskie Island Utility)	AND ENTRY OF PROPOSED ORDER
Company, Inc. for Approval of an)	ON SECOND REMAND
Adjustment for Water and Sewer Rates,)	
Terms and Conditions.)	
_____)	

NOW COMES Daufuskie Island Utility Company, Inc. (“DIUC”), the Applicant, to move this Commission, pursuant to S.C. Code Regs. § 103-817(D) and § 103-851, for entry of DIUC’s Proposed Order on Second Remand, a copy of which is attached hereto and incorporated herein as if fully restated in support of this Motion. In further support of the requested relief, DIUC relies upon the record in this matter, including all filings to date.

As more fully discussed in DIUC’s Proposed Order on Second Remand, the Applicant seeks relief as follows:

1. DIUC has incurred and should be allowed to include Rate Case Expenses of \$269,356 for Guastella Associates (“GA”) fees incurred through September 30, 2017. Permitting recovery of this portion of documented rate case expenses will, combined with the other adjustments including Plant In Service as discussed herein, increase total annual revenues up to \$2,267,722, but not beyond, the noticed 108.9% increase set forth in the application that initiated this proceeding. Such an order would leave outstanding about one-half of the \$542,978 of GA fees invoiced through September 30, 2017, or \$273,622, and should allow DIUC to apply for recognition of these remaining expenses and its post-September 30, 2017, rate case expenses in its next rate case.

2. DIUC’s application included \$8,139,260 for used and useful facilities included in Utility Plant in Service. Commission Orders 2015-846 and 2018-68 both erroneously accepted a reduction of that amount by \$699,361, as proposed by the S.C. Office of Regulatory Staff (“ORS”). However, ORS did not claim that the assets in question do not exist or that the assets are not used and useful; it

was a “carry-over” note from a previous ORS employee. DIUC presented evidence documenting all items of plant included with costs booked at specific amounts by primary plant account and the year in service. These records, supplemented by DIUC witness testimony and supported by the events related to defunct Melrose Utility, constitute substantial evidence that the disputed \$699,361 should be included in DIUC’s Rate Base/Utility Plant In Service.

3. DIUC has a constitutional right to collect rates that meet the minimum requirement of yielding “a reasonable return on the value of the property used at the time it is being used to render the service.” *Bluefield Waterworks & Improvement Co. v. Public Service Comm’n of W. Va.*, 262 U.S. 679, 690, 43 S. Ct. 675 (1923). Rates are confiscatory if they do not address the cost of property of the utility and all sums required to meet operating expenses. *Bluefield Waterworks*, 262 U.S. at 691, 43 S. Ct. at 678. DIUC’s rates have been incrementally increased during this five-year proceeding, but have not yet reached this constitutional minimum. If rates are corrected as set forth in the Proposed Order then final rates will be established that reflect DIUC’s true cost of providing service. The Commission should order:
 - a. The correction of the insufficient rates allowed by Orders 2015-846 and 2018-68 should be made on the basis that the 108.9% rate increase should have been in effect for service provided from October 1, 2017, through March 31, 2020, instead of the 88.5% rate increase.
 - i. New/final rates should be designed to achieve the \$2,267,722 originally requested revenue requirement, or a 12.055% increase over the \$2,023,759 revenue requirement allowed in Order 2018-68, to be billed by DIUC with its July 1, 2020, billing for service provided for the second quarter of 2020 (April 1, 2020 through June 30, 2020).
 - ii. To compensate for the lost earnings, a one-time surcharge in the amount of \$593,339 which includes carrying costs, should be included with the July 1, 2020, billing.
 - iii. DIUC’s Proposed Order on Second Remand includes a Tariff Schedule (“Statement of Proposed Rates”) and Billing Analysis reflecting proposed rates that generate the \$2,267,722 revenue requirement as well as a Support Schedule showing DIUC’s calculation of the \$593,339 surcharge to be billed with its July 1, 2020, billing.

b. With respect to the reversal of the refund/credit made to the customers on January 1, 2018, DIUC recommends that in order to mitigate the impact on the customers, a separate surcharge be billed to the customers as soon as possible prior to the July 1, 2020 billing.

- i. Only customers who received refunds/credits with the January 1, 2018, billing will be billed the surcharge to reverse those credits for correction of the refunds/credits provided in the January 1, 2018, billing to address the difference between the 88.5% rate increase and the 108.9% increase charged under bond.
- ii. DIUC's Proposed Order on Second Remand includes DIUC's requested \$290,515 surcharge, calculated by applying to the refund/credit of \$232,542, the 9.31% allowed equity rate compounded for two and a quarter years from January 1, 2018 through March 31, 2020, or 24.93%, which includes interest. DIUC should include an explanation of this surcharge with its billing of it to each customer, and also notify its customers of the July 1, 2020, rates and related surcharge at least 30 days in advance of the billing.

WHEREFORE, DIUC respectfully requests this Commission enter an Order on Second Remand to address these issues that remain outstanding following the Supreme Court's second remittitur of this matter. Specifically, DIUC requests the Commission enter the attached Proposed Order on Second Remand;

FURTHERMORE, pursuant to Order of the Supreme Court dated January 17, 2020, DIUC respectfully requests this Commission enforce the Order's award of costs to DIUC in the amount of \$13,807.25 against Respondents South Carolina Office of Regulatory Staff, Haig Point Club and Community Association Inc., Melrose Property Owner's Association, Inc., and Bloody Point Property Owner's Association; and

FOR ANY FURTHER RELIEF this Commission deems appropriate to conclude this matter.

Respectfully submitted,

/s/ Thomas P. Gressette, Jr.

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April 14, 2020
Charleston, South Carolina

CERTIFICATE OF SERVICE

This is to certify that on April 14, 2020, I caused to be served upon the counsel of record named below a copy of the foregoing **DIUC MOTION FOR DISPOSITION OF PROCEEDINGS AND ENTRY OF PROPOSED ORDER ON SECOND REMAND** via electronic mail, as indicated. A copy was also electronically filed via the Commission DMS. Said filing includes **DIUC'S PROPOSED ORDER ON SECOND REMAND WITH EXHIBITS**.

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